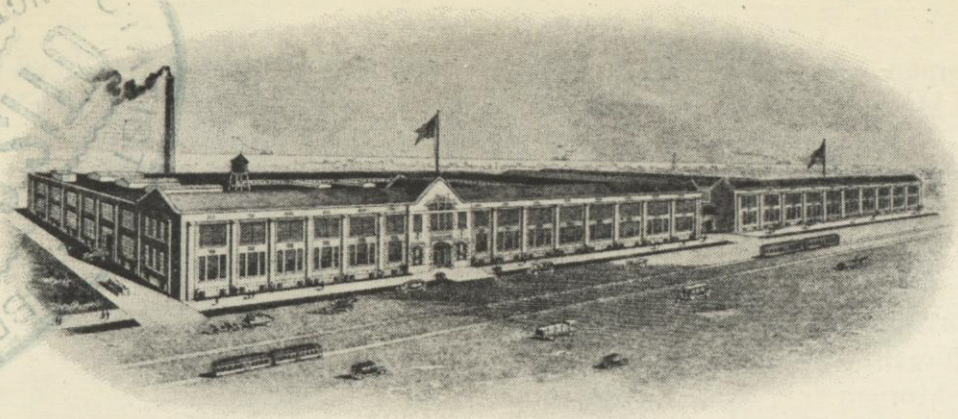
CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

OCT 1 1926



The Morgan Lithograph Co

CLEVELAND, O.

Annual Report to Stockholders

1926

THE ONLY COMMERCIAL & POSTER PRINTING HOUSE IN THE WORLD AWARDED THE MEDAL OF HONOR AND DIPLOMA OF MERIT AT WORLD'S FAIR AND PARIS EXPOSITION.

Subsidiaries:

The Otis Lithograph Co.
Tooker Litho Co.
Ritchey Lithographing Corp.
Butts Litho Co., Inc.
The J. H. Tooker Printing Co.

OFFICERS

P. J. Morgan ..... President
Geo. W. Morgan ..... Vice-President
A. H. Morgan ..... Vice-President
E. S. Gaylor, Jr. ..... Vice-President
V. Charnley ..... Secretary and Treasurer

DIRECTORS

P. J. Morgan ..... Cleveland
A. H. Morgan ..... Cleveland
Geo. W. Morgan ..... Cleveland
V. Charnley ..... Cleveland
John Sherwin ..... Cleveland
R. L. Rice ..... Canton
Ralph Hubbart ..... Chicago

STOCK TRANSFER AGENTS

The Union Trust Co.
Cleveland, Ohio

The Continental and Commercial
Trust and Savings Bank
Chicago, Ill.

REGISTRARS

The Central National Bank
Cleveland, Ohio

The National Bank of the Republic
Chicago, Ill.

GENERAL OFFICES: Payne Avenue, Cleveland, Ohio

BRANCH OFFICES

New York City ..... 24 West 40th St.
Boston, Mass. ..... 22 Bloomfield St.
Philadelphia, Pa. ..... 1420 Chestnut Ave.
Buffalo, N. Y. ..... 416 Breckenridge St.
Toledo, Ohio ..... Smith-Baker Bldg.
Cincinnati, O., Mercantile Library Bldg.
Detroit, Mich. ..... General Motors Bldg.
Chicago, Ill. ..... Tower Bldg.
Minneapolis ..... Lumber Exchange Bldg.
Kansas City, Mo. ..... Mutual Building
Atlanta, Ga. ..... Austell Building
Los Angeles, Calif., 257 South Spring St.

PLANTS

Payne Avenue, Cleveland, Ohio
East 30th St., Cleveland, Ohio
Elmhurst, Long Island.
W. 31st Street, New York City

October 1, 1926

To the Stockholders of The Morgan Lithograph Co.:—

Herewith is balance sheet of your company as of June 30th, 1926, and income and expense statement for the fiscal year ended on that date.

During the year net sales were increased 86% over the previous year—a large part of this being due to the acquisition a year ago of the New York Plants. Profits for the year, after setting aside substantial reserves, amounted to $562,237.16, or approximately $6.25 per share on the common stock outstanding during the year, which is gratifying in view of the cost of moving the New York Plants and placing them on an economical operating basis.

Your company recently purchased the assets and business, subject to certain liabilities, of The Otis Lithograph Co., Cleveland, Ohio, which company owned a thoroughly modern and well equipped lithograph plant with a monthly capacity of approximately 20,000,000 impressions, located in the immediate vicinity of the present Cleveland Plant. This acquisition supplies your company with the additional capacity which it needed as well as many valuable contracts and accounts.

MAY 24-32 [illegible] HG

The Preferred Stock was called for redemption on July 1st, 1926, and about that time the valuable purchase options on the land occupied by the Cleveland Plant were exercised.

To finance the purchase of The Otis Lithograph Co., the paying off of its mortgage, retirement of the Preferred Stock and the exercise of the purchase options, as well as to provide the necessary additional working capital to take care of the increased business, the Company transferred its permanent assets, composed of land, buildings, machinery and equipment, to Morgan Properties Co., and received therefor $1,500,000 First Mortgage 6% Serial Gold Bonds and all of the Common Stock of Morgan Properties Co. The Morgan Lithograph Co., executed a lease on the permanent assets transferred for an annual rental sufficient to pay the service charges including interest and annual maturity on the bonds. The bonds were then sold to bankers.

The balance of the necessary amount was taken care of through the sale of the balance of the authorized Common Stock amounting to 10,000 shares. As a result of these changes your company now has ample working capital, no indebtedness except current bills, and has a capital liability of only 100,000 shares of Common Stock.

Because of the changes referred to above, some of which have been completed subsequent to June 30th, 1926, a balance sheet of that date would not present an accurate picture of your company. For this reason there is given you in this statement a Balance Sheet as of June 30th, 1926, which is based on the Balance Sheet of that date certified to by Messrs. Ernst and Ernst, but which has been adjusted by them to give effect to the transactions referred to above, all of which are now completed.

Present conditions forecast a prosperous year for your company. The ever increasing popularity of the motion picture is continually bringing on more theaters and larger and better productions; likewise, the increased competition in almost all lines of business has caused an even greater recognition of the value of bill board advertising. These two factors point to increased business and the many operating problems which have been solved during the past year, coupled with the increased business, in the opinion of your management forecast favorable profits for the coming year.

Formal notice of annual meeting of stockholders, called for Monday, October 11th, 1926, and proxy for same are enclosed herewith.

By Order of The Board of Directors.
P. J. Morgan,
President.

BALANC

THE MORGAN LITHOGRA

As of the close of business June 30, 1926, a
the proceeds subsequently realized from th
Company and the subsequent retirement of

ASSETS

Current		
Cash and U. S. Government Securities, including proceeds, not otherwise applied, from disposal of Permanent Assets	$ 492,121.61	
Customers' Notes, Acceptances and Accounts Receivable, less allowance for Doubtful, etc.	935,140.79	
Inventory	1,382,036.53	$2,809,298.93
Investment in Subsidiary Company (see Note B below)		
Entire Capital Stock of The Morgan Properties Company owning all the Permanent Assets previously owned by The Morgan Lithograph Company (At book value)		642,593.69
Other Assets		
Personal and Miscellaneous Notes and Accounts Receivable, Advances to Agents, Investments, etc.		185,591.40
Engravings on Lithograph Plates and Stones, Good Will, etc.		1.00
Deferred		
Prepaid Expenses, Factory Supplies, etc.		59,572.55
		$3,697,057.57

(Note A) The Company was reported as being contingently liable at June 30, 1926, as endorser on discounted notes and acceptances in the amount of $147,653.58.

(Note B) Based upon recent independent appraisals of the fixed assets now owned by The Morgan Properties Company the value of its common stock as of June 30, 1926, was $1,350,165.50.

WE HEREBY CERTIFY, that we have examined the books of accoun
for the year ended June 30th, 1926, and that, in our opinion, based upon the r
adjustment upon determination of the final liability for Taxes, the above Balar
Company as of the close of business June 30, 1926 after giving effect to the ap
Assets of the Company and the subsequent retirement of its Preferred Stock ar

September 14, 1926

E SHEET

PH COMPANY, CLEVELAND

djusted to give effect to the application of
e disposal of the Permanent Assets of the
its Preferred Stock.

LIABILITIES

Current			
Accounts Payable			
For Purchases Expenses, etc.	$284,890.32		
Unpaid Salaries, Wages and Commissions	47,295.23		
Customers' Credit Balances	27,581.67		
Federal Income Taxes—1925	7,509.59		
Miscellaneous Accounts	4,460.20	$371,737.01	
Contract Payable			
Balance of Purchase Price of the net assets of The Otis Lithograph Company as of March 31, 1926, withheld as guarantee fund pending realization of the Notes and Accounts Receivable then acquired		250,000.00	
Accrued			
Estimated Federal Income Tax for the period ended June 30, 1926	$ 75,000.00		
Real, Personal and Corporate Taxes	42,081.03		
Sketch Expense, Registrar Fees, etc.	4,632.47	121,713.50	$ 743,450.51
Reserve for Contingencies			188,817.42
Nominal			
Capital Stock			
Authorized and Issued 100,000 shares of No Par Value Common Stock—Declared Value $5.00 per share		$ 500,000.00	
Surplus			
Balance June 30, 1926, including Unearned Surplus		2,264,789.64	2,764,789.64
			$3,697,057.57

t and record of THE MORGAN LITHOGRAPH COMPANY—CLEVELAND,
ecords examined and information obtained by us and subject to any necessary
ıce Sheet is drawn up so as to correctly set forth the financial position of the
olication of the proceeds subsequently realized from the disposal of the Permanent
ıd the relative Operating Statement is correct.

Ernst & Ernst,
Certified Public Accountants

OPERATING STATEMENT

For the year ended June 30th, 1926

Profit from Operations (Exclusive of Depreciation)			$835,530.59
Deductions:			
Interest Paid and Accrued	$19,847.72		
Donations	8,750.62		
Provision for Doubtful Accounts	13,336.95		
Miscellaneous	35,888.98	$77,824.27	
Less Other Income:			
Interest Received	$ 5,626.86		
Miscellaneous	1,619.94	7,246.80	70,577.47
Profit before Provision for Depreciation and Federal Taxes			$764,953.12
Depreciation			127,715.96
Profit before Provision for Federal Taxes			$637,237.16
Provision for Estimated Federal Taxes			75,000.00
		Net Profit	$562,237.16

SURPLUS

June 30th, 1926

Surplus June 30, 1925 as shown by Audited Statement			$1,983,876.11
Additions			
Excess of amount received for 28,976 shares of Common Stock over Declared Value thereof	$1,298,945.00		
Net Profit for the year ended June 30, 1926 —as shown by Operating Statement	562,237.16	$1,861,182.16	
Deductions			
Dividends Paid and Provided for	$489,052.52		
Elimination of Appreciation of Permanent Assets—Cleveland Plant	311,913.00		
Charges in connection with the purchase of the net assets of The Otis Lithograph Company, charging off expenses incidental to the acquisition of New York Companies, and to the issue and retirement of Preferred Stock, and discount on Morgan Properties Company Bonds, etc.	422,744.11		
To reduce Engravings on Lithograph Plates and Stones to nominal value of $1.00	206,559.00		
Providing additional Reserve for General Contingencies	150,000.00	1,580,268.63	280,913.53
Surplus June 30, 1926, as shown on the accompanying balance sheet			$2,264,789.64

A few of the larger national advertisers for whom the Morgan Lithograph Company has made posters during the past year:

Universal Film Exchanges, Inc.
Famous Players-Lasky Corp.
First National Pictures, Inc.
Pathe Exchanges, Inc.
Metro-Goldwyn Distributing Corp.
Film Booking Offices, Inc.
Producers Distributing Corp.
Rayart Pictures Corp.
Standard Oil Company
R. J. Reynolds Tobacco Co.
Wm. Wrigley, Jr. Co.
Atwater-Kent Mfg. Co.
Radio Corp. of America
Ward Baking Co., Inc.
The Borden Company
Nu-Grape Co. of America
Congoleum-Nairn, Inc.
B. V. D. Company
B. Kuppenheimer & Co., Inc.
Williams Oilomatic Heating Corp.
Sinclair Refining Co.
Gabriel Snubbers Mfg. Co.
Ford Motor Company
Chrysler Corporation
Willys-Overland, Inc.
Oakland Motor Car Co.
Paige-Detroit Motor Car Co.
Pierce-Arrow Motor Car Corp.
Goodyear Tire & Rubber Co.
Firestone Tire & Rubber Co.
B. F. Goodrich Company
General Tire & Rubber Co.
Miller Rubber Company
Mohawk Rubber Company
India Tire & Rubber Co.

A UNIVERSAL PRODUCTION
CARL LAEMMLE
"THE PHANTOM OF THE OPERA"
With LON CHANEY NORMAN KERRY MARY PHILBIN
AND A CAST OF 5000 OTHERS

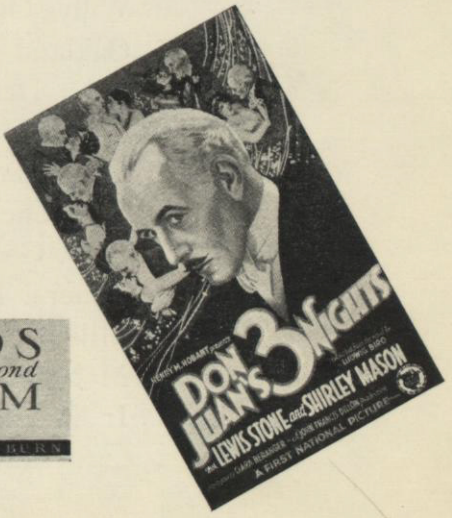
Frigidaire
Can be installed in any Ice Box
Keeps Food
COLDER-BETTER-LONGER

BEN-HUR
by LEW WALLACE

ATWATER KENT
R A D I O

The cowards never started:—
The weak died on the way.
JAMES CRUZE Production
THE COVERED WAGON
a Paramount Picture

before bathing
HINDS
Honey & Almond
CREAM
GET THAT HEALTHY TAN WITHOUT THE BURN


DON JUAN'S 3 NIGHTS
LEWIS STONE and SHIRLEY MASON
A FIRST NATIONAL PICTURE